

# **Australia Samly Holdings Group Limited**

**ABN 16 164 307 975**

## **Half-year Financial Report - 31 December 2014**

# **Australia Samly Holdings Group Limited**

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**31 December 2014**

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**Australia Samly Holdings Group Limited**  
**Corporate directory**  
**31 December 2014**

Directors	Liangchao Chen (Executive Director and Chairman) Colin Guang Zheng (Non-Executive Director) Zhimin Xiong (Non-Executive Director) Ying Yao (Executive Director) Enhua Huang (Executive Director)	(Non (Ma (Non  Dr K
Company secretary	Jiajun Li Pin Yin	
Registered office	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA	
Principal place of business	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA	
Share register	ShareBPO Pty Ltd Level 1, 51-57 Pitt Street Sydney NSW 2000	
Auditor	BDO East Coast Partnership Level 14, 140 William Street Melbourne, VIC 3000	
Solicitors	Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA	
Bankers	Commonwealth Bank of Australia 28 Kingsway Glen Waverley, VIC 3150	
Stock exchange listing	Australia Samly Holdings Group Limited shares are listed on the Asia Pacific Stock Exchange (APX code: 8SA)	
Website	<a href="http://www.samly.net">www.samly.net</a>	

**Australia Samly Holdings Group Limited**  
**Directors' report**  
**31 December 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Australia Samly Holdings Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2014.

**Directors**

The following persons were directors of Australia Samly Holdings Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Liangchao Chen (Executive Director and Chairman)  
Colin Guang Zheng (Non-Executive Director)  
Zhimin Xiong (Non-Executive Director)  
Peng Yu (Executive Director and Chief Executive Officer, resigned as a Director 22 July 2014, but remained as CEO until (February 2015)  
Enhua Huang (Executive Director and Chief Financial Officer, appointed 15 November 2013)  
Ying Yao (Executive Director, appointed 27 June 2014)

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Research and development nutrition and dietary supplements;
- Produce nutrition and dietary supplements; and
- Sale of nutrition and dietary supplements.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,064,548 (31 December 2013: profit \$402,135). A foreign exchange gain on net assets of foreign subsidiaries of \$771,683 (31 December 2013: \$109,765) offset the loss in the statement of financial position to an extent. Gross sales, when translated to Australian dollars, decreased by \$580,231 to \$6,838,554, whilst Gross Profit was 52% compared to 48% in 2013.

Net assets of the Group have decreased by \$292,865 to \$5,671,331 with working capital (being current assets less current liabilities being reduced to \$16,491 from \$1,087,454 at 30 June 2014).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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16 March 2015  
Melbourne

**AUSTRALIA SAMLY HOLDINGS GROUP Limited**  
**Auditor's independence declaration**

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**Australia Samly Holdings Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	6,934,120	7,427,303
<b>Expenses</b>			
Cost of sales		(3,326,277)	(3,944,696)
Sales expense		(1,620,102)	(1,164,491)
Administration		(1,128,359)	(875,884)
Marketing		(1,678,323)	(794,950)
Other expenses		(90,208)	(10,191)
Finance costs		(122,421)	(35,538)
<b>(Loss)/Profit before income tax expense</b>		(1,031,570)	601,553
Income tax expense		(32,978)	(199,418)
<b>(Loss)/Profit after income tax expense for the half-year attributable to the owners of Australia Samly Holdings Group Limited</b>		(1,064,548)	402,135
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		771,683	109,765
Other comprehensive income for the year, net of tax		771,683	109,765
<b>Total comprehensive income for the half-year attributable to the owners of Australia Samly Holdings Group Limited</b>		<u>(292,865)</u>	<u>511,900</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(3.073)	0.015
Diluted earnings per share		(3.073)	0.015

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Statement of financial position**  
**As at 31 December 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,047,897	5,738,890
Trade and other receivables		2,527,817	1,809,182
Inventories		3,585,064	2,519,678
Prepayments	5	4,109,926	1,224,315
Total current assets		<u>13,270,704</u>	<u>11,292,065</u>
<b>Non-current assets</b>			
Property, plant and equipment		4,541,617	4,083,435
Intangibles		765,202	581,714
Deferred tax		157,038	148,532
Prepayments		190,682	63,061
Total non-current assets		<u>5,654,839</u>	<u>4,876,742</u>
<b>Total assets</b>		<u>18,925,543</u>	<u>16,168,807</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		3,737,374	2,987,684
Borrowings	6	5,202,269	4,426,470
Income tax		508,711	438,746
Employee benefits		371,984	178,495
Deferred revenue		3,433,874	2,173,216
Total current liabilities		<u>13,254,213</u>	<u>10,204,611</u>
<b>Total liabilities</b>		<u>13,254,212</u>	<u>10,204,611</u>
<b>Net assets</b>		<u>5,671,331</u>	<u>5,964,196</u>
<b>Equity</b>			
Issued capital		4,095,429	4,095,429
Reserves	7	1,220,461	424,696
Retained earnings		355,441	1,444,071
<b>Total equity</b>		<u>5,671,331</u>	<u>5,964,196</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2014**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained Earnings \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	3,781	1,424,748	415,367	1,843,896
Profit after income tax expense for the half-year	-	402,135	-	402,135
Other comprehensive income for the half-year, net of tax	-	-	109,765	109,765
Total comprehensive income for the half-year	-	402,135	109,765	511,900
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(40,213)	40,213	-
Balance at 31 December 2013	<u>3,781</u>	<u>1,786,670</u>	<u>565,474</u>	<u>2,355,925</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	4,095,429	1,444,071	424,696	5,964,196
Loss after income tax expense for the half-year	-	(1,064,548)	-	(1,064,548)
Other comprehensive income for the half-year, net of tax	-	-	771,683	771,683
Total comprehensive income for the half-year	-	(1,064,548)	771,683	(292,865)
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(24,082)	24,082	-
Balance at 31 December 2014	<u>4,095,429</u>	<u>355,441</u>	<u>1,220,461</u>	<u>5,671,331</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Australia Samly Holdings Group Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2014**

Note	Consolidated	
	2014	2013
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	7,087,681	8,416,528
Payments to suppliers and employees (inclusive of GST)	(10,366,219)	(6,948,864)
Interest received	1,752	8,360
Interest paid	(122,421)	(36,310)
Income tax paid	(17,798)	(179,426)
Net cash (used in)/provided by operating activities	(3,417,005)	1,260,288
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(32,687)	(140,594)
Payments for intangibles	(117,301)	
Net cash used in investing activities	(149,988)	(140,594)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	998,702	-
Repayment of borrowings	(928,775)	(23,969)
Net cash provided by/(used in) financing activities	69,927	(23,969)
Net (decrease)/increase in cash and cash equivalents	(3,497,066 )	1,095,725
Cash and cash equivalents at the beginning of the financial half-year	5,738,890	2,323,535
Effects of exchange rate changes on cash	806,073	120,993
Cash and cash equivalents at the end of the financial half-year	<u>3,047,897</u>	<u>3,540,251</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 1. General information**

The financial report covers Australia Samly Holdings Group Limited as a consolidated entity consisting of Australia Samly Holdings Group Limited and the entities it controlled. The financial statements are presented in Australian Dollars, which is Australia Samly Holdings Group Limited's presentation currency and the functional currency of the parent entity. The functional currency of the operating companies is the Chinese Yuan Renminbi ("RMB"). All amounts are translated to the presentation currency of the parent entity.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australia Samly Holdings Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Baker & Mackenzie  
AMP Centre, Level 27  
50 Bridge Street  
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 16 March 2015. The directors have the power to amend and reissue the financial report.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into three operating segments: Production, New Life and Technology, plus a Corporate segment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews NPBT (Net Profit Before Tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 3. Operating segments (continued)**

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

Production	Manufacture and sale of nutrition and dietary supplements
New Life	The purchase and resale of finished goods in the nutrition market
Technology	Research and the purchase and resale of supplements
Corporate	Administration of corporate head office and management of the consolidated entity's compliance requirements in relation to the APX and ASIC

*Operating segment information*

<b>Consolidated - 2014</b>	Production \$	New Life \$	Technology \$	Corporate \$	Total \$
Sales revenue	5,917,630	106,208	726,026	88,690	6,838,554
Segment result	44,858	(2,434)	74,444	(1,181,416)	(1,064,548)
Assets	14,167,776	74,811	999,030	3,683,926	18,925,543
Liabilities	10,801,484	132,622	1,157,445	1,162,661	13,254,212
<b>Consolidated</b>	Production \$	New Life \$	Technology \$	Corporate \$	Total \$
Revenue 31 December 2013	6,542,193	107,305	769,286	-	7,418,785
Segment result 31 December 2013	265,513	(14,611)	155,597	(4,364)	402,135
Assets 30 June 2014	11,807,909	37,325	191,104	4,132,469	16,168,807
Liabilities 30 June 2014	7,739,974	117,825	591,488	1,755,324	10,204,611

*Geographical information*

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Sales of goods and raw materials	6,838,554	7,418,785
<i>Other income</i>		
Government grants	-	432
Foreign exchange gains	40,156	
Interest	8,885	8,082
	46,525	
	95,566	8,518
Revenue	6,934,120	7,427,303

**AUSTRALIA SAMLY HOLDINGS GROUP Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 5. Current assets - other**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2014</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>4,109,926</u>	<u>1,224,315</u>

*Prepayments*

The Group entered into a contract to provide exclusive sponsorship to a Chinese TV show, whilst also gaining reciprocal rights to use the TV show branding on the Group's products. The rights have been secured for a year at the cost of RMB19 million (\$3,794,915). The cost of the contract is being recognised over the course of the contract, as the rights are used up. As at 31 December the remaining contract cost to be expensed was \$RMB14,697,900 (\$2,935,646).

\$1,168,523 relates to the purchase of raw materials that have yet to be delivered by suppliers (2013: \$852,299).

**Note 6. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2014</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Bank loans (i)	4,054,567	2,635,614
Loan from director (ii)	<u>1,147,702</u>	<u>1,790,856</u>
	<u>5,202,269</u>	<u>4,426,470</u>

(i) The Group has three bank loans outstanding with Industrial Bank Co., Ltd Shenzhen Branch. The first loan amount is RMB2.3 million and is repayable in April 2015, with an annual interest rate of 6.90%. The second loan amount is RMB10 million and is repayable in April 2015, with an annual interest rate of 7.80%. The third loan amount is RMB8 million and is repayable in September 2015, with an annual interest rate of 8.10%. All loans are secured against the private assets of Mr Chen, the Chairman and executive director of the Company, and a guarantee of \$3.1 million provided by Mr Chen.

(ii) The Director's loan was from Mr Chen, the Chairman, and is unsecured, interest free and at call.

**Note 7. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2013</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	966,182	220,466
Surplus profits reserve	<u>254,279</u>	<u>204,230</u>
	<u>1,220,461</u>	<u>424,696</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

*Surplus profit reserve*

Under Chinese tax regulations local companies are required to set aside 10% of profits.

**Australia Samly Holdings Group Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 7. Equity - reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Foreign currency \$	Surplus profit \$	Total \$
Balance at 30 June 2014	220,466	204,230	424,696
Foreign currency translation	771,683	-	771,683
Transfer from profits	-	24,082	24,082
Balance at 31 December 2014	<u>992,149</u>	<u>228,312</u>	<u>1,220,461</u>

**Note 7. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 8. Contingent liabilities**

There were no other contingent liabilities as at 31 December 2014 or 30 June 2014.

**Note 9. Commitments**

There were no significant changes to commitments reported at 30 June 2014

**Note 10. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Australia Samly Holdings Group Limited**  
**Directors' declaration**  
**31 December 2014**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

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16 March 2015  
Melbourne

**Australia Samly Holdings Group Limited**

**Independent auditor's review report to the members of Australia Samly Holdings Group Limited**

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**Australia Samly Holdings Group Limited**

**Independent auditor's review report to the members of Australia Samly Holdings Group Limited**

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